CHAPTER ONE: CONTEXT

1.1 INTRODUCTION

The issue of improving quality of life in all communities has become a key focus of attention of government, especially of local government in South Africa. This focus stems from legislation that enshrines concurrent responsibility for social and economic development to all spheres of government. The Constitution calls for local government to “promote social and economic development” and it must “… give priority to the basic needs of the community” (RSA, 1996). Not surprisingly in a transition period, following the first democratic elections in 1994, several government departments both at national and provincial level have tried to implement programmes aimed at addressing the plight of the poor communities and declining economies. Examples of such programmes include Spatial Development Initiatives, the Urban Renewal Programme and Local Economic Development.

However, post-1998 local government legislation that introduced the new municipal authorities and the subsequent initiatives by district and local municipalities to assume responsibility for service delivery in their areas, have infused considerable complexity into the development landscape at the local level (see RSA, 1998a; Pycroft, 2000, Seethal, 2002). These dynamics are further complicated in small town centres where traditional industries such as mining, agriculture, education institutions have been vying with new municipal
structures for recognition stemming from new and improved service delivery initiatives. Proposed partnership arrangements between the municipal authorities and traditional industries, have, in most cases, not succeeded in addressing these dynamics. The resultant approach has been for smaller municipalities such as Nkonkobe, which includes Alice to streamline their definition of economic development to agriculture, tourism and small business activities. This development activity, which is directed mainly to the surrounding rural communities, tends to bypass the small town centres that are important for their sustainability. It is therefore critical to acknowledge the ‘small town renewal approach’ as a vehicle not only to reviving the local economy but also to sustainable rural development.

Within this content, this research report has three purposes. First, it investigates in a case study of Alice within the Nkonkobe Municipality in the Amathole District of Eastern Cape, the specific problems that the small town community experiences. Second, it assesses development in Alice as a local entity, by analyzing the issues, goals and strategies pursued and progress made in the implementation of local development policy. In particular, the research focuses on the role of Nkonkobe Municipality in the implementation of local economic development (LED) as one of the primary objectives of local development policy in contemporary South Africa. Third, it discusses strategic interventions that the Nkonkobe Municipality, in conjunction with other role players and other spheres of government, need to consider for implementation in order to revive the
This Chapter outlines the key and basic debates on the study of small towns. Research indicates that the study of small towns as a component of urban hierarchy has been overlooked and often misunderstood (Hinderink and Titus, 2002; Nel, 2005). But a debate on the role and function of small towns and their importance to the rural hinterlands has come to the fore of contemporary development (Baker, 1990; Pedersen, 1990; Dewar, 1994; Nel, 2005). Comment or interpretation about the future of small towns, though limited, varies and it appears to bear inherently different views in developed and developing countries (Pedersen, 1990; Kenyon and Black, 2001; Nel, 2005).

1.2. SMALL TOWN IN DEVELOPMENT DISCOURSE

The interest displayed in the development of small towns has largely been the result of an attempt to address the issue as to how small towns can, and do, play a significant and positive role in promoting rural development and prosperity (Baker, 1990). A central feature of the small towns discourse is that the growth of small urban centres is a necessary condition and prerequisite for rural development. Small town development is therefore perceived as a catalyst for rural improvement.
However, the analysis of small town debates goes further than a one way conceptualization of rural development. Small town research indicates that the concept of integrated and mutual development of urban and rural societies is vital and practical. Small towns have a positive influence on rural development and agricultural productivity through the provision of a great range of goods, urban cash flows, and services. The rural hinterland, in turn, provides resources, which enable small towns to expand their economic and social functions.

In most countries, a good deal of foreign assistance has been directed to rural development in the narrowest sense to imply agriculture development suggesting that rural development is an autonomous process which can be divorced from the urban component. Baker (1990) insists that this dualistic approach must be rejected as it fails to understand the inherent and complex interplay of the rural and urban economy.

It is encouraging to note that a number of African countries, including Botswana, Kenya, Nigeria and Zimbabwe, studied under the Urban Development in Rural Context (UDRC) programme, are implementing programmes which focus on the urban development in rural context approach (see Silitshena, 1990; Rasmussen, 1990; Egunjobi, 1990; Andreasen, 1990). The UDRC programme, supported by Nordic aid, justifies the formulation of small town research programme due to lack of research interest in small town in rural context concept.
The general emphasis given to the study of large cities in Africa touches on only a small proportion of the population. Little is known about the social, economic, and geographical relations of the many small centres which the majority of the population has more contact.

Contemporary research programmes seem to pay greater attention to issues concerning metropolitan areas, on the one hand, and integrated rural development, on the other, bypassing almost entirely the smaller and intermediate-level of urban settlements. In South Africa, for example, this dualistic research programme has informed government policy direction. As a result the national government is now experimenting with Urban Renewal Programme (URP) and Integrated Sustainable Rural Development Strategy (ISRDS) and neither of the two is focusing on small towns.

In Africa, interest in small towns’ debates is inevitable. Most African countries have one or two primate cities surrounded by a number of small towns whose economies are declining. With the introduction of the New Partnership for African Development (Nepad), it is natural that the small towns’ debates in Africa will continue to advance and contribute in finding African solutions to Africa’s problems. This study of small towns is not only stimulating intellectually but it is worth pursuing since it may provide: a) a key instrument in rural development and; b) strategies and interventions in reconnecting the small towns and urban metropole economies.
1.3 DEFINING SMALL TOWNS

There seems to be no universal definition of a small town (Mabogunje, 1974; Simon, 1992). Some authors prefer to use population size of the townscape to define the small town (Nel, 2005) or a number of households (Kenyon and Black, 2001) but in all fairness, their concern is ultimately people-centred than place-centred. But, this varies from country to country.

Pre-colonial African towns were defined as a collective body of inhabitants under the jurisdiction of elite with political, economic or religious authority (Hull, 1976). The numbers of people do not determine a town. Towns are centres not only for population but of governance, industry or commerce. Historic African towns, unlike their western European counterparts, are agrarian. At least 70% of their residents commuted regularly to outlying farms. As a result some African towns could be described as rural-agricultural towns (Dewar, 1994; Nel, 2005).

A definition of a town has not been a straight-forward one even in urban hierarchical terms. Urban centres are not perceived a town unless a significant proportion of inhabitants devote the greater part of their energies to non-agricultural pursuits. In other words, to qualify as a town, a population centre must provide specialized services. Though it is an important factor, towns cannot be defined simply by size, nor by the proportion of people engaged in industrial pursuits. Many towns achieved fame not as centres of production but as ‘middlemen’ or focal points of commercial exchange. It is equally important that
we define towns by functions they perform, their capacity for assimilation and their ability to transmit a new cultural synthesis.

1.4 THE CLASSIFICATION OF TOWNS

As indicated in the earlier section, small towns are largely defined either by size or function. But there are a number of factors in the small town’s literature that classify a town. This section looks at the factors and the analysis that Haddon (1971) puts in determining a town:

1.4.1 Size

Size refers to area or population or in most cases, both. One may find that one town occupies much more land area than the other town but has fewer people. The key feature in determining a town by this factor would then be to study the history of development of the population and the administrative area. In studying the development of the population, careful attention should be given to boundary extensions as these could cause an increase in population, which is not due to immigration or natural increase.

Comparing the size of the local town and others in the country will help to establish the relative importance or the town’s rank in the urban hierarchy. In line with this, a simple rank size rule has been formulated. The rank size rule states that the town will be its rank number divided into the size of the first-ranking town
(Haddon, 1971). In other words, if the biggest town has four million people the fourth ranking towns will have a million people. The only problem with this rule is, mathematically, it is difficult to determine how big the divergence has to be before the town ceases to be significant. Nonetheless, the ranking still helps to indicate the size-bands of towns and could classify small, large towns or cities.

There is an argument that the difference in size will depend to a large extent on the jobs available in the town. This is not entirely true because some places attract retired people as residents, some have high proportion of children, and others act as dormitories for commuters to larger towns or cities, or to work located in adjacent rural areas.

1.4.2 Services

When it comes to services, it could happen that the town depends on a particular industry. As a result the fortunes of the town will fluctuate with those of that industry. But in some towns the emphasis will be on certain services and the town’s prospects will tend to depend on its success in competing with other towns that offer similar services. Shopping is quickly losing favour as an important service that a town can offer. People are prepared to make longer journeys to get to retail stores, especially to buy expensive or larger items. So, for smaller towns it makes sense for shops to sell items that people need frequently than maybe, to stock furniture or other expensive items. But this, to a
large extent, depends on accessibility and availability of an efficient transport system.

The idea of a town as a service centre and its consequent distribution pattern has received much attention. It has mostly been popularized by Christaller's classic theory of central places. The Central Place theory can be applied within the town. A study of different types of shops and services such as banks indicates services of different orders though the actual classification will depend on the criteria chosen (Hull, 1976). The ranking of towns according to the facilities they provide as central places presents a new problem of determining classification criteria. Not all small towns have a secondary school, a weekly newspaper, a group of banks, a cinema or a hospital. So what are the actual services that make up a town?

1.4.3 Function

Another important feature of a town is its function. The simplest measure here is the percentage of people employed in each principal activity. This calculation can be done within the town and can be compared with national averages. Literature has highlighted different categories of towns, classified by function. These include: manufacturing towns, retail centres, university towns, mining towns, agricultural towns, resort or retirement towns. The advantage of this classification is that it is tied firmly to statistics and the difficulty is that the statistics may not always be available.
1.4.4 Site

This is a historic approach to the classification of towns. Location or site was used to define the town either as river towns, desert towns, or lakeside towns – but as time goes and technology advances, the town outgrows the control originally exercised by the physical circumstance of its position.

1.4.5 Social factors

If in defining or classifying a town, attention is extended to other variables that give the town character, such as standard of education or class structure, the social factor then becomes important. This factor is not mathematically simple. But in qualitative terms one can talk of a cultural town, a heritage town, simply by identifying and arranging its social structure.

1.5 CONCEPTUALIZING SMALL TOWNS IN SOUTH AFRICAN CONTEXT

Under apartheid laws or rule, South Africa had a distinct urban planning policy, characterized by clear policy and legislation regarding settlement patterns. In fact, few social structures reflect more clearly the legacy of apartheid than the formation of South Africa’s settlements. All residential areas were underpinned not only by racial segregation but also by inequitable access to preferable living areas.
The majority of South Africans resided, at best, on the periphery of commercial and industrial localities, at worst, in far-off, economically marginalized homelands. Attempts to support the viability of these areas, for instance through subsidies offered under the Regional Industrial Development Programme (RIDP) did little to change the patterns of agglomeration that supported the growth of white-dominated metropolitan areas. The patterns of settlement could be categorized as follows:

(i) Cities and towns located in the former “white” South Africa. These are centres of urban wealth and development in the country, resided in by the majority of white South Africans. These areas are also characterized by huge disparities in economic opportunities between racial groups, one of which is spatial inequality – with housing for black people (who moved into these areas by permission from the white authorities) in mass-built townships and hostels for accommodated migrant workers at the periphery of economic activity.

(ii) Many small towns and a few administrative towns in the former homelands. These areas are characterized by misguided, failed attempts to build local economic nodes, leading to the growth of dense displaced settlements mushrooming around such nodes. Arguably, Alice would fall in this category.

(iii) Dense settlements in the former homelands, which are close to employment opportunities in “white” South Africa. People displaced or forcibly removed by apartheid settle in informal areas just across the
“border” of homelands and commute to places of employment in neighbouring cities. These informal areas are characterized by overcrowding and poor living conditions which are still evident in spatial patterns in many areas, particularly the Eastern Cape and KwaZulu-Natal (Development Bank of Southern Africa, 2000).

Following the democratic transition in 1994, efforts to undo the apartheid planning were introduced. Most of these efforts were carried in well-intentioned policy and programme documents that were published by the Reconstruction and Development Programme (RDP) Office in 1994 (see RDP document of the African National Congress (ANC), 1994). When the RDP office closed its doors in 1996, these policy directives were then taken over by various government departments. One policy document, which articulated a strong vision of integration and equality in settlement planning is the Urban Development Strategy of the Department of Housing (RSA, 1995). Unfortunately this document proved too idealistic and impractical to implement given the profound legacy created by apartheid. Attempts to further the objectives of equitable, practical, output-oriented settlement planning are now taken over by municipal authorities (RSA, 1998b).

Also significant is the recognition of the centrality of urban areas (towns and cities) in development by government policy. The Constitution recognizes that the objects of local government include the provision of services to communities in a sustainable manner, the promotion of social and economic development, the
promotion of a safe and healthy environment, and the encouragement of the involvement of communities and community organisations in the matters of local governance (RSA, 1996b)

The White Paper on Local Government (RSA, 1998b) defines the challenges facing municipalities as, amongst others: skewed settlement patterns, extreme concentrations of taxable economic resources, huge backlogs in service infrastructure, great spatial separations and disparities between towns and townships and urban sprawl, and creating viable localities for dense rural settlements. Clearly these challenges are not dis-similar to those arising from the outline of apartheid settlement patterns as discussed above, but the responsibility for transformation is now delegated to local government.

The White Paper goes further to emphasise the critical role of local government in reviving small town economies and its primary responsibility in rural development as it calls municipalities to “…create and sustain humane, equitable and viable human settlements” and through the notion of developmental local government to achieve four key outcomes: (i) the provision of household infrastructure and services; (ii) the creation of liveable, integrated cities, towns and rural areas; (iii) local economic development, and (iv) community empowerment and redistribution.

Local government has sought to achieve these outcomes primarily through the introduction of the Integrated Development Plan (IDP) method. The IDP process
seeks to assist municipalities to understand the various dynamics operating within their area, to develop a concrete vision for the area, and to develop strategies for realizing and financing that vision in partnership with other stakeholders (Pycroft, 2000; Harrison, 2001). This process is, (or should be) fundamental to the small town renewal process, in its assessment, shaping and facilitation.

1.6 IMPLICATIONS FOR THE CASE STUDY AREA - ALICE

There is very little published documentation on the development of the small Eastern Cape town, Alice, except for an unpublished report in the Department of Geography at the University of Fort Hare, which is used here to give a background of this small town (see Xuza, 1994).

Alice (figure 1.1) is the old small town-like settlement in the Amathole District (or the former Victoria East district in the former Ciskei), established by white settlers over a century ago. In the former Ciskei, the town acted as an educational centre of African intellectuals from across the country and the continent. The town was named after Princess Alice, daughter of Queen Victoria. It still has landmarks named after her, such as the Victoria Hospital and the town hall known as the Victoria Memorial Hall.

Alice was proclaimed on 23 December 1847 as the city of magistracy. In 1852, it was proclaimed as a municipality with a municipal area of only twenty-nine
square kilometers. In 1824 a mission station known as Lovedale was established. Alice became prominent during the Frontier Wars when an important military outpost known as Fort Hare was built on the southern banks of the Tyhume River.

Figure 1.1: Study area

In 1960 when the University of Fort Hare obtained full university status, Alice became a major educational attraction. The growth and development of the town is closely linked with the missionary institution of Lovedale. This great mission together with the University of Fort Hare became the centre of black education in Africa.
Alice has a well-defined business district and the presence of the University of Fort Hare on the outskirts of the town together with Lovedale Further Education and Training College means that the population is greatly increased during term times. Buying power is sufficient to support a wider range of goods than would normally be expected in a town of this size and order. Although there are no well-established manufacturers, except for small businesses such as shoe repairs and panel-beaters, the level of competition among businesses is high. One of the oldest businesses in Alice, which is still operating is Cooper Bros. Cooper Bros is a family business started in 1942. Currently, Cooper owns about two-thirds of the businesses or business property in Alice.

The economic revival of Alice is not only necessary to support rural incomes in the hinterland, but equally important to the broader life of the university. Previous apartheid exclusionary policies coupled by homeland administration have severely stretched the town’s resources and retarded socio-economic growth in the area. This has made it difficult for the university to attract senior professionals who need certain amenities to support their family and social needs. As much as the local economy, has not been booming but it has not undergone a process of ruralisation either. During the last decade the town’s population has seen growth in a relatively new group of urban dwellers. The rapid growth of the town population is a combination of increased local demand for low-cost housing and relaxed immigration measures for individual entrepreneurs and workers, making Alice a pool of low-income earners and ‘foreign’-owned small businesses.
Today, Alice is just one of the over seventy-two small towns in the Eastern Cape. Commercial activities include more than 52 shops, 4 restaurants, 8 pubs and liquor stores, 3 petrol stations, and 2 banks. Except for the post office, magistrate office, local administrative office and home affairs unit – there are no other government service centres operating in the town. On the market activities, there is a developing tourism industry and a proliferation of very small scale businesses. Alice has no large production units that have been implanted by the national government, local privately-owned enterprises dominate within service, retail and small-scale manufacturing.

The history of business in Alice represents a typical example of a locally-based commercialization process that has occurred without assistance from government or donor agencies, but heavily influenced by favourable structural conditions, which include a university, a college and a hospital; and, increasing consumption power in the surrounding fifty-six villages. The development of business activities has happened without government support, as the local authorities have neither had the means nor the capacity to support business development. The role of the local authorities, from the perspective of the local business people is, when it occurs, issuing business licenses and implementation of rules and regulations. Experiences from other countries indicate that development of viable, small-town non-agricultural production hardly happens on its own (AEroe, 1992). It requires a creation of an adequate business environment. So the LED policies, which are on the contemporary development
agenda and heavily pursued by municipalities need to provide adequate political instruments to support local enterprise development.

Alice functions, to some extent, as an important link between the rural hinterland and the larger cities but also as a centre for semi-formal and informal businesses. At this stage, Alice cannot be said to be a junction for agricultural supplies and storage. This is probably a result of low agricultural production coming out of the hinterland. Therefore, the role of Alice is one-sidedly parasitic and not an integrated part of the local rural economy. Government support for emerging farmers and community self-help initiatives is given directly to the beneficiary groups, by passing the very town area that could have been the basis for their sustainability.

Numerous initiatives adopted by the Nkonkobe Municipality are being introduced to restructure the economy of Alice. These initiatives include the introduction of Local Economic Development plans, the Alice Renewal Project and the new Nkonkobe Economic Development Agency (NEDA). These programmes are aimed at revitalizing the local economy and boosting economic growth (Nkonkobe Integrated Development Plan, 2004). The Alice Renewal project and NEDA are very much in their infancy but attempts have been made to experiment with the LED plan. Unfortunately the outcomes of the LED plan are yet to be achieved.
The lack of clarity and focus in the renewal of Alice has had a direct impact in the way in which LED is implemented by the municipality. A critical assessment of the 225-page Nkonkobe’s IDP indicates that the LED plan is severely lacking. In particular, the plan is found to have strategies that are insular. It is not linked to any other district, provincial or national programme. Many of the proposed projects are presenting a short-term solution to the long-term needs of the community. Many of the projects assessed reflect a limited capacity of the municipality to put together a meaningful LED strategy and as such could not be relied on to meaningfully address unemployment or poverty. While the city development strategies internationally may demonstrate the potential role of the municipalities in city or town development, the dual responsibility of conducting a day-to-day running of the municipality and implementing an LED plan in Nkonkobe remains a challenge.

1.7 AIMS AND OBJECTIVES OF THE STUDY

This study has two key objectives, namely:

(i) To explore the concept of small towns in the context of South Africa’s urban system
(ii) To identify through the case study of Alice, the factors that promote the small town renewal process

But there are a number of reasons to justify a town-based study approach like this one. These include: a) a town is not a haphazard collection of varied
buildings, therefore to give a true account of spatial relationships within it, we must recognize and delimit their boundaries; b) to grasp the geography of the town, and some form of simplification is required. Structuring their material on a town basis is meaningful and geographically sound; c) towns are the resultants of a variety of forces. To understand how these forces work and how to control the future of the town, there has to be a study of their effects; and d) spatial relationships in each town gives guidance about the way the town has grown. It helps to understand human motives and their results, so that we can learn from the past (Haddon, 1971)

The above-stated reasons suggest that in a town-based study approach there needs to be the embodiment of the most positive elements of spatial and aspatial strategies. Most studies of small towns continue to be descriptive or restricted to conditions and issues in individual centres. An effective, integrated, poverty-oriented policy enquiry into a study of small towns remains a challenge. This study is an attempt to contribute to the work of catalyzing the potential of small towns for real local scale development.

1.8 STRUCTURE OF THE RESEARCH REPORT

There are five chapters in this report, including this introductory chapter. The other chapters focus on literature review; methodology; research findings; and the discussion and conclusion chapter.
1.8.1 Chapter Two: Literature Review

Chapter Two provides a theoretical framework in the study of small towns. Moreover it further conceptualises small towns in the urban hierarchy. It also gives a detailed account of the role of small towns in development, rural development in particular and highlights the various strategies that South African towns have implemented in an attempt to seize control over their economic destiny.

1.8.2 Chapter Three: Methodology

Chapter three details the methodology used in the research. It begins by again looking at the aims and objectives, before moving on to establish the research questions and explain in detail the steps taken in gathering information for the case study site. The core research methodology for the study was the undertaking of eighty (80) urban surveys, eighty (80) rural surveys and thirty (30) local businesses.

1.8.3 Chapter Four: Research Findings

Chapter four presents a summary of research findings. This is the information that has been collected through various research techniques.

1.8.4 Chapter Five: Discussion and Conclusion

Chapter five gives an analysis of the research findings. It responds to the key research objectives by giving an assessment of tools and instruments that are vital to small town renewal; and their effects in the case study area, Alice